

**STATE OF SOUTH CAROLINA**

**Petition of South Carolina Electric & Gas Company  
for an accounting order authorizing the deferment  
and amortization of expenditures made in connection  
with its gas water heater rebate program**

**NUMBER: 2008 - - G**

**Submitted by:** K. Chad Burgess  
**Address:** SCANA Corp.  
1426 Main Street MC 130  
Columbia, SC 29201

**Email:** [chad.burgess@scana.com](mailto:chad.burgess@scana.com)

**DOCKETING INFORMATION** (Check all that apply)

☐ Other:

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)			
<input type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request	
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification	
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation	
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement	
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input checked="" type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment	
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter	
<input checked="" type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response	
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery	
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition	
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation	
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena	
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff	
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:	
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest		
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit		
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report		



K. Chad Burgess  
Senior Counsel

chad.burgess@scana.com

April 18, 2008

**VIA ELECTRONIC FILING**

The Honorable Charles Terreni  
Chief Clerk/Administrator  
**Public Service Commission of South Carolina**  
101 Executive Center Drive  
Columbia, South Carolina 29211

RE: Petition of South Carolina Electric & Gas Company for an accounting order authorizing the deferment and amortization of expenditures made in connection with its gas water heater rebate program

Dear Mr. Terreni:

Enclosed for filing on behalf of South Carolina Electric & Gas Company is a Petition for an accounting order.

By copy of this letter, we are also serving the South Carolina Office of Regulatory Staff with a copy of the enclosed Petition and attach a certificate of service to that effect.

If you have any questions, please advise.

Very truly yours,



K. Chad Burgess

KCB/kms  
Enclosures

cc: Shannon Bowyer Hudson, Esquire  
(w/enclosures)

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**  
**DOCKET NO. 2008-\_\_\_\_-G**

IN RE:

Petition of South Carolina Electric & Gas	)	
Company for an accounting order	)	
authorizing the deferment and amortization	)	<b>CERTIFICATE</b>
of expenditures made in connection with	)	<b>OF SERVICE</b>
its gas water heater rebate program	)	
_____	)	

This is the certify that I have caused to be served this day one (1) copy of South Carolina Electric & Gas Company's **Petition for an Accounting Order** via U.S. mail to the persons named below at the address set forth:

Shannon Bowyer Hudson, Esquire  
Office of Regulatory Staff  
1441 Main Street, Suite 300  
Columbia, SC 29201

  
Karen M. Scruggs

Columbia, South Carolina  
This 18th day of April 2008

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**

**DOCKET NO. 2008 - \_\_\_\_ - G**

IN RE:

Petition of South Carolina Electric & Gas )	
Company for an accounting order )	
authorizing the deferment and amortization )	
of expenditures made in connection with its )	<b>PETITION OF SOUTH CAROLINA</b>
gas water heater rebate program. )	<b>ELECTRIC &amp; GAS COMPANY</b>
_____ )	<b>FOR AN ACCOUNTING ORDER</b>

South Carolina Electric & Gas Company (“SCE&G” or “Company”) hereby files with the Public Service Commission of South Carolina (“Commission”) this petition, pursuant to S.C. Code Ann. § 58-5-220 and 26 S.C. Code Ann. Reg. 103-825, seeking an accounting order for regulatory accounting purposes authorizing SCE&G to increase the amount of its natural gas water heater rebate incentive offered to developers of new multi-family apartment projects, as more fully explained below.

The request for relief set forth herein will not involve a change to any of SCE&G’s current rates or prices, or require any change in any Commission rule, regulation or policy. In addition, the issuance of the requested accounting order will not prejudice the right of any party to address this issue in a filing made pursuant to the Natural Gas Rate Stabilization Act under S.C. Code Ann. § 58-5-410 *et seq.* (“RSA”) or a subsequent general rate case proceeding. Accordingly, neither notice to the public at-large nor a hearing is required regarding this Petition.

In support of this Petition, the Company would respectfully show unto this Commission the following key facts and would request of and petition the Commission for the following relief:

1. SCE&G is a corporation organized and existing under the laws of the State of South Carolina. SCE&G, among other things, is a natural gas distribution utility engaged in the distribution and sale of natural gas to the public for consumption. SCE&G's natural gas operations are subject to the jurisdiction of the Commission pursuant to the provisions of Chapter 5 of Title 58 of the South Carolina Code.

2. Corporate legal counsel for SCE&G in this proceeding is as follows:

K. Chad Burgess, Esquire  
**South Carolina Electric & Gas Company**  
1426 Main Street, MC 130  
Columbia, South Carolina 29201  
Telephone: 803-217-8141  
Facsimile: 803-217-7931  
chad.burgess@scana.com

All correspondence and other matters of any kind relative to this proceeding should be addressed to the Company's authorized representative as stated hereinabove.

3. In the mid-1980s, SCE&G implemented a gas water heater program to encourage the use of gas water heaters by offering a \$200 rebate as an incentive for residential customers or builders of new residential construction to choose natural gas as the fuel of choice for water heating. The Company continues to offer this rebate incentive today.

4. The primary benefit to natural gas customers is a financial incentive to install or convert their water heating appliance to use natural gas. In addition, all SCE&G natural gas customers benefit from any new loads generated by being able to distribute fixed system costs over a larger customer base.

5. The cost and expense of the current gas water heater rebate program is allowable in the operations and maintenance portion of the current rates, per Commission order. *Order Approving Gas Rates and Charges*, Order No. 89-1074 at 16-20, In Re: Application of SCE&G

for Adjustments in the Company's Gas Rate Schedules and Tariffs, Docket No. 89-245-G, (Nov. 30, 1989). Specifically, in allowing the program costs to be included in the base rates, the Commission found that the gas water heater rebate program "achieved positive goals" and "should be beneficial to the Company's overall body of customers." Order No. 89-1074 at 19.

6. SCE&G has encountered an increasing number of developers of new construction multi-family housing projects who will not offer natural gas as an energy source because of the additional infrastructure costs associated with plumbing and venting gas appliances.

7. To encourage these developers to offer natural gas as an energy source, SCE&G proposes to modify its successful gas water heater rebate program by increasing the rebate incentive an additional \$300 (from the current \$200 rebate incentive) for new multi-family apartment projects only, thereby providing up to a \$500 total rebate incentive to new multi-family apartment projects that install a minimum of gas water heating.

8. By adjusting and revising the current gas water heater rebate program, the Company will better serve the needs of its customers. Through the proposed natural gas water heater rebate program, SCE&G continues to dedicate itself to expanding its customer base which in turn will benefit all gas customers. By adding new customers from multi-family type projects to its existing customer base, SCE&G will position itself to spread fixed costs among a greater number of customers.

9. In order to implement this additional incentive for new multi-family apartment projects, and following the past procedure for the original gas water heater program, SCE&G requests Commission approval to place the expense of the revised gas water heater rebate program into a deferred account and amortize such annual expenditures over a five-year period.

The accounting treatment requested herein is consistent with the accounting treatment previously approved by the Commission in Order No. 89-107.

**WHEREFORE**, having set forth its Petition, SCE&G respectfully requests that the Commission issue an order (i) authorizing the Company to modify its successful gas water heater program by increasing the rebate incentive an additional \$300 (from the current \$200 rebate incentive) for multi-family apartment projects only, thereby providing up to a \$500 total rebate incentive to new multi-family apartment projects that install a minimum of gas water heating; (ii) granting the Company the authority to defer and amortize all rebates made by the Company in connection with its revised gas water heater rebate program described above; and (iii) granting such other and further relief as is just and proper.

Respectfully submitted,



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K. Chad Burgess, Esquire  
1426 Main Street, MC 130  
Columbia, South Carolina 29201  
Telephone: 803-217-8141  
Facsimile: 803-217-7931  
chad.burgess@scana.com

Attorney for Petitioner  
South Carolina Electric & Gas Company

Columbia, South Carolina  
April 18, 2008